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**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

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**Docket No. 01-0614**

**Filing to Implement Tariff Provisions**

)

**Related to Section 13-801**

)

**Of the Public Utilities Act**

)

**REBUTTAL TESTIMONY OF DANIEL MELDAZIS**

**On behalf of**

**FOCAL COMMUNICATIONS CORPORATION**

**OF ILLINOIS**

**DATED: November 13, 2001**

1     1.     Q:     PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS  
2                     FOR THE RECORD.

3

4             A:     My name is Daniel Meldazis and my title is Senior Manager --Regulatory  
5                     Affairs for Focal Communications Corporation ("Focal"). My business  
6                     address is 200 North LaSalle Street, Suite 1100, Chicago, IL 60601.

7

8     2.     Q:     DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS  
9                     PROCEEDING?

10

11            A:     Yes. My direct testimony was served on October 25, 2001.

12

13     3.     Q:     WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

14

15            A:     I will respond to the testimony of ICC Staff witness Dr. James Zolnierrek,  
16                     and the testimony of Ameritech witnesses Mr. Eric Panfil and Mr. Craig  
17                     Mindell.

18

19     4.     Q:     PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

20

21            A:     Ameritech witnesses Mr. Panfil and Mr. Mindell support an Ameritech  
22                     tariff proposal that is not even remotely suggested by Section 801 of the  
23                     new Illinois law. Instead, Ameritech's proposal would radically alter  
24                     existing Commission policy and industry practice regarding the  
25                     circumstances under which carriers pay one another when exchanging  
26                     traffic. Mr. Panfil and Mr. Mindell use FX traffic and the notion of single

27 POI CLECs as a smokescreen to hide the true nature of Ameritech's  
28 proposal.

29 In contrast, the staff witness Dr. Zolnierек has presented an alternative  
30 proposal that I believe is faithful to the relevant portions of Section 801  
31 and retains consistency with existing Commission policy and industry  
32 practice.

33

34 5. Q: WHAT IS YOUR POSITION REGARDING THE TESTIMONY OF ICC  
35 STAFF WITNESS DR. JAMES ZOLNIERЕК (Staff Ex. 2.0)?

36

37 A: I am limiting my response to Dr. Zolnierек's testimony regarding what he  
38 has labeled Section 1: Issue III – the Single POI Issue, found at pages 4  
39 through 13 of his direct testimony. At lines 104 through 134 of his  
40 testimony, Dr. Zolnierек proposed language for 4.2. I of Part 23, Section 2  
41 of Ameritech Tariff ILL. C. C. No. 20. In my direct testimony, I  
42 recommended the deletion of Section 4.2.I. of Ameritech's draft tariff, and  
43 that deletion was reflected in the CLEC draft tariff attached to Mr. Gillan's  
44 testimony. No CLEC witness proposed alternative language for Section  
45 4.2.I.

46 I am now persuaded by Dr. Zolnierек's testimony that his proposed  
47 language is a sound and appropriate reflection of Section 801 of the new  
48 law and should be adopted by the Commission.

49

50 6. Q: WHAT IS THE BASIS FOR YOUR CONCLUSION THAT DR.  
51 ZOLNIEREK'S PROPOSED LANGUAGE SHOULD BE ADOPTED BY  
52 THE COMMISSION?

53  
54 A: The really critical insight that Dr. Zolnierrek offers is found at pages 12 and  
55 13 of his testimony. Dr. Zolnierrek notes that holding a carrier financially  
56 responsible for facilities on Ameritech's side of the tandem would simply  
57 alter the POI and create a "virtual POI" that circumvents the plain  
58 language of the PUA. He expresses the belief that the language of Section  
59 801(b)(2) affords carriers both a physical and financial right to  
60 interconnect with the incumbent at a single POI within each LATA. I agree  
61 with Dr. Zolnierrek's observations. I want to stress that my agreement is  
62 not based on a statutory construction of that provision; I am not an  
63 attorney. Rather, my agreement is based on the fact that a statutory  
64 provision that prohibits an incumbent local exchange carrier from  
65 requiring a competitor to establish more than a single POI simply cannot  
66 be reconciled with an Ameritech proposal that requires a competitor to  
67 bear virtually the same financial burden as it would if the incumbent local  
68 exchange carrier *could* legally require a competitor to establish more than  
69 one POI.

70  
71 7. Q: MR. PANFIL ASSERTS THAT AMERITECH ILLINOIS' PROPOSAL  
72 DOES NOT IMPEDE A CLEC'S ABILITY TO PROVIDE FX SERVICE,  
73 OR TO USE ITS NXXs OR DESIGN ITS NETWORK AS IT CHOOSES.  
74 DO YOU AGREE?

75

76 A: No. Ameritech's proposal would constitute a radical departure from  
77 existing approved policies regarding the circumstances in which local  
78 exchange carriers compensate each other when exchanging traffic. It must  
79 be recognized that Ameritech's proposal applies to all traffic, not just FX  
80 traffic. To the extent that Ameritech's proposal resulted in a competitive  
81 carrier bearing more costs than it does today, then it is certainly a financial  
82 impediment to that carrier. Finally, as Ameritech's witnesses have  
83 described their proposal, a competitive carrier would have the "choice" of  
84 either establishing a physical POI under Ameritech's terms or establishing  
85 a POI of its own choosing and then paying Ameritech for transport to and  
86 from that POI. I view that as a distinction without a difference, and so it  
87 absolutely impedes a carrier's ability to design its network as it chooses.

88

89 8. Q. WHY DO YOU BELIEVE THAT AMERITECH'S PROPOSAL  
90 PRESENTS A DISTINCTION WITHOUT A DIFFERENCE?

91

92 A. Ameritech's proposed tariff defines a point of interconnection as a "point  
93 in the network where the Parties deliver interconnection traffic to each  
94 other, and also serves as a demarcation point between the facilities that  
95 each Party is responsible to provide." I will accept that definition for  
96 purposes of my testimony.

97 Under the statute, a competitive carrier is permitted to establish a single  
98 POI, from which Ameritech would extend facilities to the various tandems  
99 and end offices on the incumbent's legacy network. In this single-POI  
100 configuration, Ameritech has financial responsibility for the facilities on  
101 its side of the POI. Alternatively, a competitive carrier could agree to  
102 establish multiple points of interconnection with Ameritech's network by

103 building, buying or leasing a facilities between Ameritech tandem and end  
104 offices and the competitive carrier's switches. In this multiple-POI  
105 arrangement, the competitive carrier's POIs are therefore at each of the  
106 Ameritech tandem or end offices to which the competitive carrier assumed  
107 financial responsibility for the facilities. Indeed, Focal has, for its own  
108 reasons, agreed to establish multiple POIs and bears the financial  
109 responsibility for the facilities between its switches and each of these  
110 POIs.

111 Under Ameritech's proposal, the competitive carrier is not required to  
112 establish a trunk to multiple Ameritech tandems or end offices, but if the  
113 competitive carrier does not do so, it must pay Ameritech for the switching  
114 and transport that Ameritech uses to carry traffic whenever the POI is  
115 outside the Ameritech customer's local exchange.

116 If a carrier is paying for facilities, then that means the demarcation point  
117 between the carriers – the point of interconnection has effectively shifted.  
118 *It is not a meaningful distinction if a carrier has to pay access charges on a*  
119 *call by call basis in lieu of establishing a trunk facility. A new POI has*  
120 *been established. I believe this is what Dr. Zolnierек has labeled a "virtual*  
121 *POI."*

122 If anything, to accept Ameritech's proposal would be to grant a windfall to  
123 Ameritech because it would require competitive carriers to either establish  
124 facilities or bear a financial burden to both pick up and deliver traffic at  
125 the closest point to the Ameritech customer in every instance. If there  
126 were no competitive carrier involved with the call, Ameritech would bear  
127 this entire burden itself.

128

129 9. Q: MR. PANFIL DEVOTES A PREDOMINANT PORTION OF HIS  
130 TESTIMONY DEVELOPING THE NOTION OF AN ALLEGED "FREE  
131 RIDER" PROBLEM IN THE CONTEXT OF EXCHANGING FX  
132 TRAFFIC WITH A CARRIER WITH A SINGLE POINT OF  
133 INTERCONNECTION. IS THIS THE FIRST TIME THE COMMISSION  
134 HAS BEEN ASKED TO RESOLVE THESE ISSUES?

135  
136 A: No. In Docket 00-0027, the Focal-Ameritech interconnection arbitration,  
137 Ameritech wanted to require Focal to establish a point of interconnection  
138 within 15 miles of the rate center for any NXX code that Focal uses to  
139 provide foreign exchange service. Ameritech claimed that this was  
140 necessary to prevent Focal from obtaining a "free ride" on Ameritech's  
141 transport network. I am hard-pressed to identify anything in Ameritech's  
142 testimony that was not already considered, and rejected, by the  
143 Commission in the Focal-Ameritech arbitration.

144  
145  
146 10. Q: DOES FX TRAFFIC IMPOSE A UNIQUE TRANSPORT BURDEN ON  
147 AMERITECH?

148  
149 A: No. As explained in the Focal arbitration, under existing rules and  
150 practices, every carrier, including Ameritech has exactly the same  
151 transport obligations when carrying FX traffic as it does for an ordinary  
152 call that does not involve any FX service. Whether a FX service is  
153 involved or not has no effect on a carrier's transport obligation.

154

155 11. Q: PLEASE PROVIDE AN EXAMPLE.

156

157 A: If an Ameritech customer in Northbrook calls a Focal customer in  
158 downtown Chicago, Ameritech is obligated to deliver the call to the point  
159 of interconnection with Focal's network, which in Focal's case, would be  
160 in Northbrook. If the Ameritech customer in Northbrook calls a Focal  
161 customer who is physically located in downtown Chicago, but who  
162 subscribes to a FX service that provides him with a Northbrook telephone  
163 number, Ameritech's switching and transport obligation is exactly the  
164 same - - it must deliver the call to the point of interconnection with Focal's  
165 network, again in Northbrook. That point of interconnection will be the  
166 same whether an FX service is involved in the call or not.

167

168

169 12. Q. DO YOU BELIEVE AMERITECH IS USING FX TRAFFIC AS A  
170 SMOKESCREEN FOR ITS PROPOSAL?

171 A. Yes. As I demonstrated, a carrier's switching and transport obligation is  
172 the same for all calls. I believe that Ameritech is just fundamentally  
173 opposed to the existing policy and practice, which can be stated quite  
174 simply: a local exchange carrier whose customer originates a call is  
175 obligated to perform any necessary switching and transport to deliver the



176 call to the point of interconnection with the local exchange carrier serving  
177 the called party.

178 Ameritech's proposal is designed to supplement its reciprocal  
179 compensation revenues by requiring competitive carriers to pay Ameritech  
180 for virtually every call that the carriers exchange. Such a radical shift in  
181 policy is not remotely suggested by anything in the new law.

182 13. Q: MR. MINDELL TESTIFIES THAT PART 23, SECTION 2 SHOWS "AN  
183 ADDITIONAL OPTION AND ITS COMPANION PRICING,  
184 AVAILABLE TO THOSE CLECs THAT WISH TO USE A SINGLE  
185 POINT OF INTERCONNECTION FOR A LATA." DO YOU BELIEVE  
186 THAT IS AN ACCURATE CHARACTERIZATION OF AMERITECH'S  
187 PROPOSAL?

188  
189 A: No. The hypothetical single POI CLEC is the second smokescreen  
190 Ameritech uses to disguise its proposal. One could easily get the  
191 misimpression that Ameritech's proposal applies solely to a CLEC that has  
192 chosen to establish a single point of interconnection. To complete the  
193 passage quoted by Mr. Mindell at line 154 and 155 of his testimony, the  
194 proposed tariff states, "Carrier may choose to exchange traffic at a Single  
195 POI for the entire LATA, or may establish multiple POIs in the LATA,  
196 subject to the following rules regarding sharing facility obligations  
197 (emphasis added)." In fact Ameritech's proposal would apply to any  
198 traffic of any carrier that Ameritech transported to a POI outside the local  
199 exchange of Ameritech's customer. It would not matter if the competitive

200 carrier had one, five, fifty or, as in Focal's case, well over one hundred  
201 points of interconnection in the LATA.

202

203 14. Q. WHY DO YOU REFER TO THE SINGLE POI CLEC AS  
204 HYPOTHETICAL?

205

206 A. I have already noted that Ameritech's proposal applies to all carriers  
207 regardless of the number of POIs that they may have. Ameritech's  
208 proposal would not be appropriate even if it were limited to the single POI  
209 CLECs. Nowhere in Ameritech's testimony is there a quantification of the  
210 number of CLECs that have established a single point of interconnection  
211 or the volume of traffic that they may exchange with Ameritech. I doubt it  
212 is significant because a prudent carrier will construct new facilities and  
213 establish new points of interconnection whenever traffic volumes warrant.  
214 It is not in a carrier's best interest to rely on a single point of  
215 interconnection because that could increase the risk of outages and trunk  
216 blockage on its network.

217

218 15. Q. WHAT IF THERE ARE COMPETITIVE CARRIERS THAT REFUSE  
219 TO ESTABLISH NEW FACILITIES?

220

221 A. I am certain that Ameritech would not hesitate to bring any such situation  
222 to the Commission's attention. In addition, the establishment of points of  
223 interconnection are an appropriate subject for interconnection agreement  
224 negotiations and arbitration, if necessary.

225

226 16. Q: DOES THIS CONCLUDE YOUR TESTIMONY?

227

228       A:    Yes, it does.